

**City of Bellingham – Fire District 8
Regional Fire Authority Planning Committee
Meeting 10**

Date: **Friday, January 19, 2018**

Time: 3:00 P.M. – 5:00 P.M.

Location: Bellingham City Hall - Mayor's Boardroom

Proposed Agenda

1. Approval of Minutes December 18th, 2017 (5 minutes)
2. Update on the Plan - where we are to date (15 minutes)
3. Timeline review (15 minutes)
4. RFA districts/ward maps (15 minutes)
5. Real Property to be transferred (10 minutes)
6. Budget Introduction (15 minutes)
7. Future meeting dates (10 minutes)
8. Planning Committee Items? (20 Minutes)
9. Next Agenda (5 minutes)
10. Closing Comments/Adjourn

The Regional Fire Authority Planning Committee meeting was called to order by Bellingham City Councilmember Terry Bornemann at 3:02 P.M. The meeting was held in the Mayor's Boardroom at Bellingham City Hall, 210 Lottie Street, Bellingham.

Present: Kelli Linville, COB Mayor
Bill Hewett, Assistant Fire Chief
Rob Neher, Fire District 8 Commissioner
Terry Bornemann, Bellingham City Council
Michael Lilliquist, Bellingham City Council
Roger Buswell, Fire District 8 Commissioner
Dave Pethick, Fire Captain, IAFF L106 VP
Kristi Clift, FD Admin Services Manager
Todd Lagestee, Citizen
Brian Henshaw, COB Finance Director

Bill Newbold, COB Fire Chief
David Lehmann, Fire District 8 Commissioner
Brian Heinrich, COB Deputy Administrator
Ted Carlson, COB Public Works Director
Rob Glorioso, Local 106 President
Monea Kerr, COB Mayor's Office
Forrest Longman, COB Finance Officer
Marty Mulholland, COB Information Technology Services Director
Rick Sepler, COB Planning and Community Development Director
Peter Ruffato, COB Attorney
Tim Johnson, Cascadia Weekly

1. Approval of Minutes December 18th, 2017

The December 18, 2017 minutes were unanimously approved.

2. Update on the Plan - where we are to date (15 minutes) & 3. Timeline review (15 minutes)

Bellingham Assistant Fire Chief Bill Hewett presented an update on the plan. The first two items on the agenda go hand in hand. In your packets you received a copy of the draft plan. Captain Dave Pethick took the Renton plan and all of the issue papers and agreements we have completed at previous meetings and loaded individual sections into the plan. As you look through the plan, the highlighted sections are the ones that we still have to complete. We wanted to give you a brief look at what is left for us to look at and accomplish. As we were going through the document, Chief Bill Newbold will talk about timelines coming up and give us an understanding of what is left. We have completed the draft, but we will have opportunities to fine tune it. The sections that are done: Backgrounds & Needs Statements, Definition, Formation Authority, Governance, Organizational Structure. The three big items left to come to an agreement on in the planning committee are: Jurisdictional Boundaries, Funding and Finance, Operations and Services.

The planning committee discusses the update on the plan:

COB Information Technology Service Director Marty Mulholland said in section 7, part c, section 2.8, it refers to the phasing plan for internal services. I intend to work on a work session to phase in IT services over time rather than commit to a three year transition plan. I have a meeting with Assistant Chief Hewett and Captain Pethick next week to propose a moderate revision to that section.

Bellingham Fire Chief Bill Newbold said we are working towards a public vote target of August 7th. Preceding that, May 11th is when we would file the single ballot measure (that would have been approved by the two governing bodies at this point) with the auditor. The City of

Bellingham and Fire District 8 are both intricately involved with this process. On April 12th, IAFF Local 106 will have their general meeting that includes their entire local. This is their opportunity to review the plan that has been formed by the planning committee and for them to determine their support or interest in the plan internally within their group. The final plan, once fully developed, needs to be approved by the RFA planning committee, Bellingham City Council and Fire District 8 commissioners. There will be lots of opportunity for public input through open houses (possibly two), presentations to MNAC and other public forums, and presentations to fire personnel and crews. For all of this to happen before the ballot deadlines, we essentially have February and March to work on the plan. When we develop the final plan and the planning committee adopts it to move forward, we still have the action of the two governing bodies to approve it. What's the timeframe? Six weeks? I don't know if that's too large of a timeframe, but it's something to work with. Once we have a plan, what's the process for getting it through and having the public vote on it? The Fire District 8 commissioners meet on February 8th and March 8th. The Bellingham City Council meets on February 12th and 26th and March 12th and 26th.

Bellingham Mayor Kelli Linville said in terms of public input, I'm wondering if the first step for the Bellingham City Council should be presenting the plan that the planning committee has adopted, getting public input and then getting the public's vote. Otherwise, I would say a public presentation would be beneficial. It might take both of those months to do those things.

Bellingham City Councilmember Terry Bornemann said the way I envision it is that we would present after we approve the draft, then have public hearings and then the Bellingham City Council would vote on it. We do not have until April 12th for the firefighters to review it, if we are going to get input from the public and the union, then that should be before it comes to Bellingham City Council right?

Chief Newbold said this is the date of their general membership meeting where they would take a vote. We want Local 106 to be informed and have documents before this date. This is the only scheduled general meeting they will have.

Bellingham City Councilmember Michael Lilliquist said the Bellingham City Council also meets on April 23rd and May 7th, so they could vote on it and get it to the auditor then. We could go through February and March with public hearings. We need to make it public ASAP in February to give more time for public process.

Assistant Chief Hewett said that's part of the 1, 2 punch here on the agenda. We are looking at what we need to do and then we are looking at our timeline to accomplish these. Before we can have those open houses to take input, before introducing anything to the public through the Bellingham City Council and Fire District 8 Commission, we have to have a draft. We have to get it far enough along so they have something to give input on. The commission's main meeting is on May 10th, and they could drop the commission's resolution over at the auditor's office directly after. For us to engage the public, we have to get the draft out there to see if we want to massage the plan before sending it to the two legislative bodies. They are going to want to have their own time for public input and everything.

Councilmember Lilliquist said to allow for adequate input, instead of in sequence, these should overlap. We can approve a draft and show it to the City Council in the same week. There will need to be an overlap.

Councilmember Bornemann said I'm hearing we have a lot of work to do on the front end.

Mayor Kelli said if it were left up to me, I wouldn't want to wait until May 10th for the commissioner's to vote.

Councilmember Lilliquist asked: Is this information on the internet?

Assistant Chief Hewett said yes, the minutes and supporting documents are uploaded to the www.bellinghamrfa.org website as they are accepted.

Mayor Kelli said it would be good to have everything as completed as possible before getting it out to the public so that we don't cause any confusion.

Assistant Chief Hewett said we probably won't put the draft plan document on the website just yet because it isn't ready. It could be confusing to people because we have left a lot of the City of Renton language as a placeholder. The information on what's been approved is out there.

Councilmember Bornemann asked: Are there any comments or questions on the timeline? None seen.

4. RFA districts/ward maps (15 minutes)

Captain Pethick presented the RFA districts/ward maps. Last meeting we chatted about seeing another ward map scenario. GIS Analyst Chris Behee came up with Draft Ward Scenario 3 with his team. The same rules were applied and they tried to keep up with RCW 29.A.76 in terms of drawing districts.

The planning committee discussed the RFA districts/ward maps:

- Fire District 8 Commissioner Roger Buswell said in Scenario 1, all of the commissioners are located in one ward. In Scenario 2, three commissioners are located in Ward 1 and the other two are located in Ward 2. In Scenario 3, four commissioners are located in Ward 1 and one commissioner is located in Ward 2. This new scenario is not an improvement because of this. I am not looking for any guarantees, I am just looking for an opportunity.
- Captain Pethick said the scenarios are trying to speak to state statute, and the 134 precinct has 3 Fire District 8 Commissioners living in it and I don't think he will be able to get around that.
- Assistant Chief Hewett said when you look at the RCW and you realize the district represents 10 percent of the population with five elected officials and the City represents 90 percent of the population with seven elected officials, this makes sense.
- Commissioner Buswell said in that case, I would agree with Scenario 3.

- Councilmember Lilliquist said I appreciate Scenario 3 because it's an improvement over Scenario 1. There are three commissioners in one precinct and that won't change unless the commissioners change. I don't think we should do any backflips to favor that one purple square. I favor Scenario 3 because it bends without breaking. I also like the fact that northern wards are smaller because they are likely to see growth. They will grow over time. I favor Scenario 3.
- Councilmember Bornemann said I appreciate staff for going back and working on this.

Scenario 3 was unanimously approved as the adopted RFA districts/ward map.

5. Real Property to be transferred (10 minutes)

Captain Pethick presented Appendix D – Real Property and Appendix E – Vehicles and Apparatus. He said when we talk about transfers, we are referring to RCW 52.26.100. Kent, Renton and Lynnwood all listed out vehicles and property to be transferred with the start of their respective RFAs. We built a couple of different appendixes in the plan to organize this information. Fire District 8 and City of Bellingham assets are separated out into different color codes. Appendix D: Real Property includes several properties in Fire District 8. On Bennett Drive at the Marine Drive station, there are actually three lots, and that's why you see two extra lots there. There will be quick claim deeds needed on multiple properties there. These appendixes have been checked and double checked as much as we could.

The planning committee discussed the real property to be transferred:

- Mayor Kelli asked: Are you saying 31 is all one station with different things associated?
- Assistant Chief Hewett said yes it is all in one facility.
- Chief Newbold said what we did here is the rolling stock and the fixed facilities. If there is anything we omitted, please point that out. We have followed suit of other RFA plans.
- IT Director Mulholland said I just want to confirm that other types of equipment get transferred in the ILA, in addition to this.
- Captain Pethick said in the plan, unless otherwise specified, everything would be transferred over. Bill of sale on vehicles, quick claim for property, master bill of sale for catch all stuff.
- IT Director Mulholland asked: Does the other transfers have to be in this plan or does it occur in the ILA?
- Assistant Chief Hewett said each of these things have title to them, so they have to be specifically called out. Anything without a title doesn't have to be specifically listed. Things like the furniture in buildings automatically goes. For inventory and audit purposes, in the ILA plan, everything that has a barcode on it has to be worked through so the city has record of where all these documented assets went.
- Mayor Kelli said we are saying upfront that things will go, not if they will go.
- IT Director Mulholland said as we work out how IT services are provided, we are going to have to separate out those services.

- Chief Hewett said all of the tools, furniture, equipment, computers, etc. goes to the RFA unless otherwise specified in the plan. We are calling things out that have a title associated with them specifically in the plan. This includes all of the things the City is tracking as assets. There may be IT infrastructure in fire stations that we don't want to transfer over, and we will have to identify what doesn't go. We need to identify what stays with the city, not what goes.
- IT Director Mulholland asked: Are we likely to amend this later then?
- Assistant Chief Hewett said we would add another appendix in that states certain assets are staying.
- Bellingham City Attorney Peter Ruffato said the ILA will further memorialize what is already in the plan. The ILA will have a list that includes the plan and will detail other things like property transfers. When you say everything in the fire department, the RCW specifies it as what is used for the core function. If there are things that are being transferred, such as emergency planning, the RCW talks about the things that are part of that core service as well as everything that is in the fire department.
- Assistant Chief Hewett said the legislative intent on that is that you didn't have to create a document that lists everything. By default, it all goes to the RFA so you don't have to account for every little thing. The things that we are concerned about are permitting related vehicles – the things that we don't want to automatically go.
- Councilmember Lilliquist said we are required to call out that which does not transfer. IT has the largest and most significant assets that will not transfer immediately. They might be transferred later.
- Chief Newbold said other example plans list assets that go, and say “or otherwise described in the agreement,” and they are referring to the ILA, which talks about ILA, services and services to performance levels. It could be bridged with something like that.
- Chief Hewett said instead of listing in the plan, we put a pointer in the plan saying this is how we are going to do it.

The planning committee unanimously approved Appendix D – Real Property and Appendix E – Vehicles and Apparatus.

6. Budget Introduction (15 minutes)

COB Finance Officer Forrest Longman presented an introduction to the budget in the form of a RFA Draft Projected Budget. He said the intent is to go over a broad overview and although these numbers may look precise, for the most part they are not. There are still pieces that need to be refined.

Finance Officer Longman presented the Projected 2019 Consolidated Budget (Status Quo), which gives a view of what the 2019 budget would look like without the RFA.

Revenues

Medic One

6,504,437

BLS Transport	622,279
Grants & Miscellaneous	50,000
District 8 Revenues	2,269,015
<i>Total Revenues</i>	<i>9,445,731</i>
<i>Expenses</i>	
Fire District 8 Operations	2,387,296
COB Fire Department	23,247,960
COB Allocated Costs	2,877,351
<i>Total Expenses</i>	<i>28,512,607</i>
Projected General Fund Contribution	(19,066,875)

This budget included current existing revenues, expenses and current general fund contribution.

Finance Officer Longman presented the Proposed Additional RFA Services budget.

Proposed Additional Services

BLS Aid Car – Year 2 (9 FTE)	1,043,554
BLS Aid Car – Year 3 (9 FTE)	1,043,554
Training Captain (1 FTE)	136,720
Volunteer Recruit. & Ret. Capt. (1 FTE)	136,720
Inspector (1 FTE)	136,720
Annexation Firefighters (8 FTE)	463, 802
PIO and Related Operations (1 FTE)	176,720
PPE Gear (Bunker Gear & SCBA)	266,000
Academy Training	250,000
<i>Total Additional Services Expenses</i>	<i>3,653,789</i>

Councilmember Lilliquist said some of these look like annual costs. Are they?

Finance Officer Longman said yes, but everything else is long term (4 years).

Finance Officer Longman presented the Projected RFA Admin, Maintenance & Capital Costs budget. He said this is building off the current allocated costs. Some of the listed costs the City currently provides, and the RFA would then have to pay for themselves.

New Admin, Maintenance & Capital

Legal Services	40,000
Liability Insurance	100,000
Legislative Expenses	10,000
Fire Benefit Charge Collection Fee	100,000
Administrative Services (Fin/HR/IT)	933,000
Technology Replacement	298,292
Fleet Replacement	1,200,000
Fleet Repair and Maintenance	520,231
Facilities Operations & Maintenance	508,077
Telecom Services	97,048
Radio Communication	56,897
Debt Service for Cashflow Loan	200,000
<i>Total Admin, Maintenance & Capital</i>	<i>4,063,545</i>

Finance Officer Longman presented the Projected Revenues and Expenses.

Revenues

Property Tax (\$1 per \$1000 AV)	11,980,397
Fire Benefit Fee	????
New Contracts for Services	????
Existing Revenues	7,481,716
<i>Total Revenues</i>	<i>19,462,113</i>

Expenses

Ongoing Operations	23,326,342
Proposed New Services	3,653,789
Admin, Maintenance & Capital	4,063,545
<i>Total Expenses</i>	<i>31,043,676</i>
Total Support From New Revenues	(11,581,563)

Existing revenues does not include dispatch or permitting revenues.

Mayor Kelli asked: So this does not include new sources of revenue with the RFA like taxes?

Finance Officer Longman said it includes the property tax portion but not the Fire Benefit Charge.

Chief Hewett said how the Fire Benefit Charge works is once we finish the discussion on services and can tighten numbers down by figuring out what contracts look like and what government agencies might be charged for services, we will get a final number and then the Fire Benefit Charge will be the last one to be plugged in because that is how we will make up the difference.

Fire District 8 Commissioner Rob Neher asked: The Fire Benefit Charge is based on square foot of occupancy right?

Assistant Chief Hewett said it depends on the two factors: square footage and occupancy type.

Commissioner Neher said looking at the RFA jurisdiction right now, could we come up with a rough number of what the Fire Benefit Charge would be? Is the cost of square footage and occupancy type a statutory number or something that we figure out?

Chief Hewett said much like taxing, every year but the first year, we figure out the amount of money we need, and people pay their share through that amount of money being dispersed through the formula. We essentially say to the public: we need this much money, so based on the Fire Benefit Charge, here's your share of it that you have to pay. The formula is how we figure out what percentage to charge.

Councilmember Lilliquist said it is similar to how our utilities work. There are state laws that require us to bill people utilities through a formula. We can only build a cushion for future repairs and anticipated expenses. We cannot over charge. Is there a limit for the Fire Benefit Charge as well?

Assistant Chief Hewett said there is something that limits the Fire Benefit Charge: state law says the RFA cannot ask for more than 60 percent of its operating budget in a Fire Benefit Charge. There is also a check in the system – the voters must renew a Fire Benefit Charge every six years. This doesn't renew how much, but how you can use it to gain funds. If the RFA governing body goes crazy with their charging, it has a six year lifespan before the voters have their say. The Fire Benefit Charge does have an upper limit, but it also has a check saying if you aren't careful with it, you can get it taken away.

Councilmember Lilliquist said if I were the public, I would ask: what is the limit of the taxing authority? When people ask about utilities, I like to tell them that there is a limit to how much we can charge them

Assistant Chief Hewett said it is limited to the capacity of the operating budget. Fire service is less finite than water utilities with peaks and valleys and calls, etc.

Mayor Kelli asked: So the Fire Benefit Charge is the certain percentage of your budget as an RFA, but is the RFA budget limited?

Assistant Chief Hewett said the RFA budget is limited to \$1/1000 of property tax and then 60 percent of operating costs. If you add those numbers together, if \$12 million is what we can get out of tax revenue, then you would be limited to \$16/17 million. One of the reasons why we are looking at this is long term sustainability. Our draft budget right now places the Fire Benefit Charge in the 30 percent area, which is well below the cap. In the current funding model of Fire District 8 with straight up tax and the current funding model of the City with the general fund, we have reached points where our revenue model can't keep up with the inflation of costs. Our costs are going up 3-6 percent a year and the revenue goes up 1-2 percent each year. This funding model gives us the opportunity where your revenue actually matches the growth of your costs.

Mayor Kelli said we have a proposed cost which is what you're doing now minus some things... Are you suggesting that you would take your Fire Benefit Charge and allow it to cover these costs we've lined out plus a percentage for a reserve? Would it be something like that?

Assistant Chief Hewett said we are going to take the cost of doing business, which is around \$30 million and we will generate \$12 million out of the property tax and another \$8 million out of contracts and revenue sources. That leaves \$10 million on the table and we will ask for a Fire Benefit Charge based on that \$10 million needed. The governing board has the ability to change the Fire Benefit Charge annually. If property taxes go up, they could ask for less with the Fire Benefit Charge. If property values went down, they could adjust the Fire Benefit Charge accordingly.

Mayor Kelli asked: on the first go around, are you taking a percentage of reserves like the City does?

Captain Pethick said we are anticipating fleet replacement costs and that would be part of our total budget.

Mayor Kelli said fleet replacements is a responsible thing to do. I'm talking about the unallocated general fund reserve.

Chief Hewett said we know that some of these service improvements won't get done right away based on the timeline of hiring, ordering things, etc. When we get closer to that financial section, one of the thoughts I've been a proponent of is asking for the entirety of the money we know we will need, and when these things come to fruition we ask for those things starting on day one. As we ramp services up, we will be building up reserves. The reserve would hopefully carry on forever.

Councilmember Lilliquist said a lag in expenses builds a cushion and you hope that cushion stays.

Chief Newbold said the budget is a high-level projection. We will work with finance on a more accurate projection. The RFA as a taxing authority, and would have a reserve as the City and Fire District 8 have right now.

IT Director Mulholland said when we meet with staff regarding technology phasing, as the RFA stands in independent operation, there will be some expenses that need to be incorporated into that budget.

7. Future meeting dates (10 minutes)

Chief Newbold said it is up to the planning committee to decide if they want to meet on non-council Mondays and how they would like to deal with holidays.

The next meeting will be held on Monday, January 29th at 3:00 P.M. The following meetings will be held on Monday, February 5th at 3:00 P.M, and Friday, February 16th at 3:00 P.M. due to the holiday on the Monday of that week.

8. Planning Committee Items? (20 Minutes)

Chief Newbold said staff will continue to put together the list of things we need to put together, discuss and bring forward. We know there are still items that we still need to hit. Right now is the time to ask the planning committee: are there particular items that we should open discussion about?

Councilmember Bornemann asked: Will life safety be ready for discussion next meeting?

Chief Newbold said we should have some information at the meeting on the 29th, but that topic has been postponed due to schedule conflicts.

Mayor Kelli said the other things are on the list for me are What-Comm and emergency management.

Councilmember Lilliquist said my largest outstanding issues are beyond the plan itself. They more so have to do with the feasibility of the vote before the public and large impacts on taxpayer's pocket books. They don't bear on completing the plan.

Councilmember Bornemann said moving forward, as we think of information we want fleshed out more, get those concerns to staff so we can bring them up at the meeting.

Mayor Kelli said budget discussions are still ongoing.

9. Next Agenda (5 minutes)

Chief Hewett said at the next meeting, we will finish the discussion on services, including life safety. Dave and I will continue to work on other plan clean up.

Fire District 8 Commissioner David Lehman said when talking about the transition board, Position 1 to be filled by a Fire District 8 commissioner, Position 2 to be filled by a City elected official, Position 3 to be filled by a Fire District 8 commissioner. Position 3 will not have an opportunity to run for that position because that ward is inside the city and no commissioners live inside that ward. I would ask that Position 3 be changed to Position 2, with the same term lengths.

Captain Pethick said we will bring something back to reflect the new ward scenario.

10. Closing Comments/Adjourn

The RFA Planning Committee adjourned at 4:23 P.M.

Recorded by Monea Kerr.